

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 98-0657P

Gross Income Tax
Fiscal Year Ended 07-31-95

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer, incorporated in Ohio on January 17, 1961 was audited for fiscal years 1994, 1995, and 1996. Upon audit it was discovered that the taxpayer failed to report sales into Indiana from outside locations.

Taxpayer requests that the department waive the negligence penalty because the error was inadvertent and isolated.

I. **Tax Administration** –Penalty

DISCUSSION

Taxpayer was assessed a negligence penalty for failure to report sales into Indiana from outside locations as required under 45 IAC 1-1-120 in fiscal year 1995. Taxpayer reported in 1994 and 1996.

Taxpayer, in a letter dated October 8, 1998 protested penalties assessed and states it inadvertently omitted the sales for the July 1995 period. Since it was an isolated mistake and these sales have always been reported accurately on all previous and subsequent returns, it requests an abatement of penalty.

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The assessment however represents twenty two percent (22%) of the tax due. Taxpayer's gross sales are fairly consistent and controls should have been in place to assure mistakes of this nature are not made.

FINDING

Taxpayer's protest is denied.